

PRESS RELEASE



Consolidated results

1st Quarter 2017 (*)

(Unaudited financial information)

Caixa Geral de Depósitos, SA (CGD): Recapitalisation completed, CGD's Strategic Plan 2020 in progress, targeting efficiency, profitability and sustainability.

■ 1st quarter 2017 witnessed CGD's completion of phases 1 and 2 of the Recapitalisation Plan agreed between the Portuguese State and European Commission (DG Comp).

■ The fulfilment of this plan, resulting in a capital increase of €4.4 billion, allowed CGD to substantially increase its capital ratios with a phased-in CET 1 ratio of 12.3% and a total ratio of 14.2% at 31 March 2017.

■ Core operating income¹ for the quarter, fuelled by the growth of net interest income and reduction of recurring operating costs, was up 63.1% over the same quarter 2016 to €147.4 million.

■ Net losses of €38.6 million were made in the quarter, impacted by non-recurring costs of €58 million (€42.1 million net of tax). Recurring net income amounted to €3.5 million.

■ Net interest income, benefiting from the large 28.3% reduction of €114.4 million in funding costs, was up 18.4% by €50.8 million over 1st quarter 2016 to €326.1 million.

■ Total operating income, with positive contributions of €50.8 million from net interest income and €178.9 million in income from financial operations, was up 65.2% by €193.2 million over the same quarter last year to

€489.6 million.

■ Cost-to-income (excluding non-recurring costs) was down to 58.2% in the quarter as a consequence of the referred to good performance of the recurring operating costs and income components.

(EUR Million)

	Mar 16	Mar 17	Y-o-Y Change
Net interest income	275	326	18.4%
Commissions (net)	113	109	-3.7%
Income from fin. operations	-98	81	-
Total operating income	296	490	65.2%
Operating costs	298	345	16.0%
Operating costs recurr. ⁽¹⁾	298	287	-3.5%
Core net op. inc. before imp.	90	89	-1.1%
Core net op. inc. before imp. recurr. ⁽¹⁾	90	147	63.1%
Provisions and impairments	84	113	34.6%
Net income	-74	-39	-
Net income recurr. ⁽¹⁾	-74	3.5	-

(1) Excluding the non-recurring cost referring to the provision for the 2017 terminations and early retirement program

■ Positive evolution of CGD's asset quality in 1st quarter 2017, with NPE² and NPL³ values of €11,242 and €10,009 million (-4.9% and -5.2% over December last).

■ NPE and NPL ratios were 11.8% and 15.4% before impairments, respectively, and 6.5% and 8.6% net of impairments at 31 March 2017.

1 Net interest income + Commissions – Recurring Operating Costs

2 NPE - Non performing exposure (as defined by EBA)

3 NPL - Non performing loans (as defined by EBA)

■ Impairment and collateral coverage of 88.5% (NPE) and 92.7% (NPL) in March 2017. The coverage level in Portugal was 94.4% (NPE) and 100.9% (NPL).

■ Credit at risk down to 10.4% at 31 March 2017 against 11.9% in March 2016, with impairment coverage of 77%.

■ The cost of credit risk for the quarter of 0.17%, confirms the expected downwards trajectory across the year, following the assets valuation performed at the end of 2016.

■ CGD's balance sheet across the period was impacted by the referred to recapitalisation operations, as the main reason behind the €3,056 million increase of net assets over December 2016.

■ The loans-to-deposits ratio of 88.1% in March 2017 reflected CGD's major customer retention capacity even in an environment of very low interest rates on deposits.

■ Total customer resources from domestic operations were up 1.6% by €1,105 million over December 2016 to €68,397 million, strongly influenced by the €1,122 million increase of customer deposits.

■ CGD therefore maintained its leading position in the domestic market with 28% of total deposits in February 2017 and 31% of individual customers' deposits.

■ CGD maintained a highly comfortable liquidity position with an LCR (liquidity coverage ratio) of 230% with total financing from the ECB remaining stable at €3,497 million or around 3.6% of total assets.

■ The phased-in and fully implemented CET Ratios in March were 12.3% and 12.0% respectively with a phased-in Tier 1 and Total ratios of 13.3% and 14.2%.

■ CGD had ADI (available distributable items) of €1.7 billion at this date (around 31 times the annual cost of its current AT1 issuance) with a 4.0% surplus on the level of its MDA (Maximum Distributable Amount) restrictions.

(*) The March 2016 values have been restated, considering Mercantile Bank Holdings, Ltd. as a non-current asset held for sale.

1. MAIN INDICATORS

CGD CONSOLIDATED			
BALANCE SHEET AND P&L INDICATORS	2016-03	2016-12	2017-03
Net assets	100.638	93.547	96.604
Loans and advances to customers (net)	64.982	62.867	61.558
Customer resources	73.935	69.680	70.142
Total Operating Income	296	1.547	490
Core Net Operating Income before Impairments recurrent ⁽¹⁾	90		147
Net income	-74	-1.860	-39
Net income recurrent ⁽¹⁾	-74		3.5
PROFIT AND EFFICIENCY RATIOS			
Gross return on equity - ROE ^{(2) (3)}	-5.0%	-46.5%	2.8%
Net return on equity - ROE ⁽³⁾	-4.3%	-32.0%	-1.9%
Gross return on assets - ROA ^{(2) (3)}	-0.3%	-2.7%	0.2%
Net return on assets - ROA ⁽³⁾	-0.3%	-1.8%	-0.1%
Total Operating Income / Average net assets ⁽²⁾	1.2%	1.6%	2.1%
Employee costs / Total Operating Income ⁽²⁾	58.4%	44.3%	46.4%
Employee costs recurrent ⁽¹⁾ / Total Operating Income ⁽²⁾	58.4%		34.6%
Cost-to-income ⁽²⁾	99.0%	77.8%	70.0%
Cost-to-income recurrent ^{(2) (1)}	99.0%		58.2%
CREDIT QUALITY AND COVER LEVELS			
Overdue credit ratio	8.1%	7.2%	7.8%
Credit more than 90 days overdue ratio	7.5%	6.6%	7.2%
Non-performing credit ratio ⁽²⁾	9.8%	8.4%	8.8%
Non-performing credit (net) ratio ⁽²⁾	2.5%	0.2%	0.9%
Credit at risk ratio ⁽²⁾	11.9%	10.5%	10.4%
Credit at risk (net) ratio ⁽²⁾	4.8%	2.4%	2.6%
Restructured credit ratio ⁽⁴⁾	10.1%	9.0%	8.9%
Restr. crd. not incl. in crd. at risk ratio ⁽⁴⁾	5.2%	4.2%	3.9%
Overdue credit coverage	91.6%	113.8%	102.9%
Credit more than 90 days overdue coverage	99.4%	123.9%	110.4%
Crd. Imp. (P&L) / Loans & adv. custom. (aver.)	0.39%	3.42%	0.17%
STRUCTURE RATIOS			
Loans & adv. customers (net) / Net assets	64.6%	67.2%	63.7%
Loans & adv. custom. (net) / Custom. dep. ⁽²⁾	88.5%	90.6%	88.1%
SOLVENCY AND LIQUIDITY RATIOS (CRD IV/CRR) ⁽⁵⁾			
CET 1 (phased-in)	10.4%	7.0%	12.3%
Tier 1 (phased-in)	10.4%	7.0%	13.3%
Total (phased-in)	11.7%	8.1%	14.2%
CET 1 (fully implemented)	9.6%	5.5%	12.0%
Liquidity coverage ratio	159.1%	177.5%	229.7%
OTHER INDICATORS			
Number of branches - CGD Group	1.223	1.211	1.210
Number of branches - CGD Portugal	732	717	716
Number of employees - CGD Portugal	8.370	8.113	8.145
CGD RATING	Short Term	Long Term	
Standard & Poor's	B	BB-	
FitchRatings	B	BB-	
Moody's	N/P	B1	
DBRS	R-2 (mid)	BBB (low)	

Note: Indicators calculations according to glossary at: <https://www.cgd.pt/English/Investor-Relations/Other-information/Glossary/Other-versions/Documents/Glossary.pdf>
⁽¹⁾ Excluding the non-recurrent cost of € 58m referring to provision for 2017 terminations and early retirement program
⁽²⁾ Ratios defined by the Bank of Portugal (instruction 23/2012); ⁽³⁾ Considering average shareholders' equity and net asset values (13 observations); ⁽⁴⁾ Ratios defined by the Bank of Portugal (instruction 32/2013); ⁽⁵⁾ Estimated end-March 2017 Solvency Ratios

2. CONSOLIDATED INFORMATION

RESULTS

In 1st quarter 2017 net interest income, benefiting from the large 28.3% reduction of €114.4 million in funding costs, was up 18.4% by €50.7 million over 1st quarter 2016 to €326.1 million.

(EUR Million)				
RESULTS	Change			
	2016-03	2017-03	Total	(%)
Net interest income	275.4	326.1	50.7	18.4%
Net inter. income incl. inc. from equity investm.	286.8	331.1	44.3	15.4%
Commissions (net)	112.9	108.7	-4.1	-3.7%
Total Operating Income	296.4	489.5	193.2	65.2%
Operating costs	297.9	345.5	47.6	16.0%
Net Operating Income before Impairments	-1.5	144.1	145.6	-
Core Net Operating Income before Impairments recurrent ⁽¹⁾	90.4	147.4	57.0	63.1%
Provisions and Impairments	83.8	112.8	29.0	34.6%
Net income	-74.2	-38.6	35.6	-
Net income recurrent ⁽¹⁾	-74.2	3.5	77.7	-

(1) Excluding the non-recurring cost referring to the provision for the 2017 terminations and early retirement program

Net commissions across the same period were down 3.7% to €108.7 million.

Income from financial operations in the first quarter amounted to €80.7 million and contrasts highly favourably with the losses of €98 million made in the first quarter of the preceding year. This amount essentially reflects exchange rate gains and the adequate management of risk hedging instruments.

Total operating income, with positive contributions from net interest income and income from financial operations, was up 65.2% by €193.2 million over the same quarter last year to €489.6 million.

The 16.0% increase of operating costs, notwithstanding the reduction of the external supplies and services and depreciation components, translated the impact of non-recurrent employee costs of €58 million (€42.1 million net of tax) in provisions for the early retirement programme and mutually agreed terminations. Excluding the said impact, operating costs would have been down 3.5%, leading to a reduction of the cost-to-income ratio to 58.2%.

Net operating income before impairment of €144.1 million was up €145.6 million over 1st quarter 2016. Core operating income⁴, fuelled by the growth of net interest income and reduction of recurring operating costs, was up 63.1% over the same quarter 2016 to €147.4 million.

The cost of credit risk for the quarter of 0.17%, confirms the expected downwards trajectory across the year, following the assets valuation performed at the end of 2016.

Net losses of €38.6 million were made in the quarter, impacted by non-recurrent costs. Recurring net income amounted to €3.5 million.

⁴ Net interest income + Commissions - Recurring Operating Costs

BALANCE SHEET

CGD's balance sheet across the period was impacted by the referred to recapitalisation operations, which financial settlement occurred on 30 March, as the main reason behind the €3,056 million increase of net assets over December 2016.

The increase mainly occurred in cash and claims at central banks (up 134.4% by €2,473 million, over December 2016) and securities investments (up 12.7% by €1,908 million), counterbalanced by the 2.1% reduction of €1,309 million in loans and advances to customers.

				(EUR Million)	
BALANCE SHEET - Main headings				Change 2017-03 vs 2016-03	Change 2017-03 vs 2016-12
	2016-03	2016-12	2017-03	(%)	(%)
Net assets	100.638	93.547	96.604	-4.0%	3.3%
Cash and loans and advances to credit instit.	6.454	5.816	8.139	26.1%	39.9%
Securities investments ⁽¹⁾	21.016	15.581	17.562	-16.4%	12.7%
Loans and advances to customers (net) ⁽²⁾	65.404	63.102	61.791	-5.5%	-2.1%
Loans and advances to customers (gross) ⁽²⁾	70.636	68.735	67.138	-5.0%	-2.3%
Central banks' and credit institutions' resources	5.319	5.800	5.694	7.0%	-1.8%
Customer resources	73.935	69.680	70.142	-5.1%	0.7%
Debt securities	6.252	4.184	4.058	-35.1%	-3.0%
Shareholders' equity	5.886	3.883	7.827	33.0%	101.6%

(1) Includes assets with repo agreements and trading derivatives

(2) Includes assets with repo agreements

Total securities investments, including assets with repurchase agreements and trading derivatives, in March 2017, were up €1,980 million over December last year. This investment resulted from the funds arising from CGD's capital increase (€2,500 million), as well as the AT1 issuance of €500 million, reinforcing the diversity of the securities portfolio.

Total liabilities were down 1.0% by €888 million over December 2016. Special reference should be made to the 39.2% reduction of €950 million in subordinated liabilities and the 0.7% increase of €462 million in institutional customers' resources.

Total resources taken by CGD Group were down 0.3% by €366 million over December 2016 to €110,332 million, heavily influenced by the cancellation of CoCo bonds (down €900 million). As regards balance sheet resources, reference should also be made to 2.1% increase of €1,122 million in customer deposits in terms of domestic activity. Off-balance sheet resources were up 1.2% by €352 million.

(EUR Million)

RESOURCES TAKEN				Change		Change	
	2016-03	2016-12	2017-03	2017-03 vs 2016-03	2017-03 vs 2016-12	Total	(%)
Balance sheet	87.955	82.088	81.369	-6.586	-7.5%	-718	-0.9%
Central banks' and credit institutions' resources	5.319	5.800	5.694	375	7.0%	-106	-1.8%
Customer deposits (Consolidated)	73.458	69.357	69.838	-3.620	-4.9%	481	0.7%
Domestic activity	56.797	53.184	54.306	-2.491	-4.4%	1.122	2.1%
International activity	16.662	16.173	15.532	-1.129	-6.8%	-641	-4.0%
Covered bonds	5.371	3.854	3.778	-1.594	-29.7%	-77	-2.0%
Portuguese state - CoCos	900	900	0	-900	-100.0%	-900	-100.0%
EMTN and other securities	2.430	1.854	1.755	-674	-27.8%	-98	-5.3%
Other	476	323	304	-172	-36.2%	-19	-5.9%
Off-balance sheet	27.869	28.610	28.962	1.094	3.9%	352	1.2%
Investment funds	4.006	3.519	3.434	-572	-14.3%	-85	-2.4%
Real estate investment funds	1.234	950	963	-271	-22.0%	13	1.3%
Pension funds	3.344	3.440	3.611	267	8.0%	170	5.0%
Wealth management	19.284	19.271	19.519	235	1.2%	248	1.3%
OTRV Portuguese Government Bonds	0	1.429	1.435	1.435	-	6	0.4%
Total	115.824	110.698	110.332	-5.492	-4.7%	-366	-0.3%
Total resources from domestic activity⁽¹⁾	69.682	67.293	68.397	-1.284	-1.8%	1.105	1.6%

(1) Includes customer deposits, investment funds, financial insurance, OTRV and other obligations

Owing to the favourable evolution of customer deposits, total resources from domestic operations were up 1.6% by €1,105 million over December 2016 to €68,397 million.

CGD therefore maintained its leading position in the domestic market with 28% of total deposits in February 2017 and 31% of individual customers' deposits.

Loans and advances to customers (gross, including credit with repurchase agreements) were down 2.3% over last December to €67,138 million at the end of March 2017, with lending to companies and individual customers in the case of CGD's activity in Portugal down 2.8% and 1.2%, respectively.

LOANS AND ADVANCES TO CUSTOMERS				Change	Change
	2016-03	2016-12	2017-03	(%)	(%)
CGD Portugal	52.980	51.453	50.551	-4.6%	-1.8%
Corporate	19.726	17.700	17.212	-12.7%	-2.8%
General government	3.133	4.750	4.690	49.7%	-1.3%
Institutionals and other	866	1.002	984	13.7%	-1.8%
Individual customers	29.254	28.000	27.666	-5.4%	-1.2%
Mortgage loans	28.259	27.064	26.769	-5.3%	-1.1%
Other	995	936	897	-9.8%	-4.2%
Other CGD Group companies	17.657	17.282	16.587	-6.1%	-4.0%
Total	70.636	68.735	67.138	-5.0%	-2.3%

Note: Gross loans and advances to customers, including repurchase agreements

CGD had a 22% share of the credit market in February 2017 with lending to companies at 19% and mortgage loans to individual customers at 26%.

The loans-to-deposits ratio of 88.1% in March 2017, against 90.6% in December 2016, reflected CGD's major customer retention capacity even in an environment of very low interest rates on deposits.

Positive evolution of CGD's asset quality in 1st quarter 2017, with NPE⁵ and NPL⁶ values of €11,242 and €10,009 million (-4.9% and -5.2% over December last). NPE and NPL ratios were 11.8% and 15.4% (6.5% e 8.6% net of impairments), evolving favourably when compared to December 2016. Impairment and collateral coverage of 88.5% (NPE) and 92.7% (NPL) in March 2017. The coverage level in Portugal was 94.4% (NPE) and 100.9% (NPL).

NPL, NPE and COVERAGE	Consolidated		CGD Portugal	
	2016-12	2017-03	2016-12	2017-03
Gross ratios				
NPE ⁽¹⁾	12.1%	11.8%	13.3%	13.2%
NPL ⁽²⁾	15.8%	15.4%	17.1%	17.0%
Credit at risk ⁽³⁾	10.5%	10.4%		
Net of impairments ratios				
NPE ⁽¹⁾	6.6%	6.5%	7.1%	7.0%
NPL ⁽²⁾	8.8%	8.6%	9.2%	9.1%
Coverage				
NPE ⁽⁴⁾	87.7%	88.5%	94.0%	94.4%
NPL ⁽⁴⁾	91.8%	92.7%	100.1%	100.9%
Credit at risk ⁽³⁾	79.0%	76.9%		

(1) NPE - Non performing exposure - EBA definition. (2) NPL - Non performing loans - EBA definition. (3) Ratios defined by the Bank of Portugal - Instruction 23/2012. (4) Coverage by impairments and collateral. (5) Coverage by impairments .

The credit at risk ratio, calculated in accordance with Bank of Portugal criteria, was down to 10.4%, with impairment coverage of 77%, particularly including coverage of 98% in the loans to companies segment and 48% on loans and advances to individual customers.

The credit overdue for more than 90 days ratio was 7.2% in March 2017, with a respective impairment coverage of 110.4%.

LIQUIDITY

In the sphere of the Recapitalisation Plan agreed between the Portuguese State and the European Commission, CGD issued €500 million in additional Tier 1 securities in the market on 23 March.

Demand for the issuance was high and oversubscribed by a factor of 4. Sales were made to more than 160 investors from a diverse range of geographies, particularly the United Kingdom (59%) and Portugal (14%).

Although the coupon rate of 10.75%, reflected the risks attached to this type of operation it was still lower than the initially forecast range of between 11% and 11.5%.

With the approval of CGD's Industrial Plan, the European Commission lifted the interdiction on the payment of discretionary interest on issuances of a subordinated type with CGD having resumed the payment of coupons to investors in March.

CGD Portugal's financing from the ECB remained unchanged over December 2016 at €2 billion (totally through TLTROII). In turn CGD's eligible assets included in the ECB collateral pool on 31 March 2017 remained broadly unchanged at €10.6 billion.

CGD Group's exposure to the ECB was down €30 million over the end of the year to €3.5 billion in March. This decrease was accompanied by the stabilising of the eligible assets portfolio included in the Eurosystem pool of €12.2 billion in March of last year.

⁵ NPE - Non performing exposure (as defined by EBA)

⁶ NPL - Non performing loans (as defined by EBA)

The LCR (liquidity coverage ratio) indicator, at the end of March 2017, was 230% (177.5% at the end of December 2016). This amount was higher than the regulatory requirements.

SOLVENCY

January witnessed the fulfilment of the first phase of the Recapitalisation Plan, with an increase of capital in kind, with the Portuguese State's transfer of €900 million in CoCo bonds plus accrued unpaid interest. Another capital increase of €499 million, subscribed for in kind by the Portuguese State through its delivery of Parcaixa, S.A. shares, also took place at this first phase of the Recapitalisation Plan.

Following the referred to first phase which also included a capital reduction of €6,000 million as a charge to reserves, CGD's share capital was €1,344 million, rising to €3,844 million in March following a capital injection of €2,500 million made by the Portuguese State as Caixa's sole shareholder in an issuance of 500 million new ordinary shares with a nominal value of €5 each

This capital increase was subscribed for and paid up by the referred to shareholder on the date of the financial settlement of the debt with the highest level of subordination (AT1) for the amount of €500 million, recognised in other equity instruments.

Consolidated shareholders' equity was up €3,944 million over the end of the preceding year to €7,827 million at the end of March 2017 as a reflection of the two phases of the referred to Recapitalisation Plan already implemented.

(EUR Million)			
SHAREHOLDERS' EQUITY			
	2016-03	2016-12	2017-03
Share capital	5.900	5.900	3.844
Other capital instruments	0	0	500
Fair value reserves	158	-38	-16
Other res. and retained earn.	-965	-984	3.166
Non-controlling interests	867	864	371
Net income	-74	-1.860	-39
Total	5.886	3.883	7.827

The evolution of other reserves and retained earnings which were up €4,150 million in the quarter largely derived from the extinguishing of 1,200 million shares with a nominal value of €5 each, occurring at the first phase of the Recapitalisation Process for the coverage of negative retained earnings and the formation of a free reserve for the amount of €4,595 million.

The phased-in and fully implemented CET Ratios in March were 12.3% and 12.0% respectively with a phased-in Tier 1 and Total ratios of 13.3% and 14.2%, respectively.

SOLVABILITY	Phasing-in		Fully Implemented	
	2016-12 (*)	2017-03	2016-12 (*)	2017-03
CET I	12.0%	12.3%	11.8%	12.0%
Tier I	13.0%	13.3%	12.7%	13.0%
Total	14.1%	14.2%	12.9%	13.2%

(*) Proforma including the two phases of recapitalization plan

CGD had ADI (available distributable items) of €1.7 billion at this date (around 31 times the annual cost of its current AT1 issuance) with a 4.0% surplus on the level of its MDA (maximum distributable amount) restrictions.

3. DOMESTIC AND INTERNATIONAL ACTIVITY

In 1st quarter 2017 domestic activity's contribution to CGD Group's net income was a negative 88.3 million against a negative €114.2 million in the same period of the preceding year. Reference should be made to the favourable 21.5% evolution of net interest income, including income from equity investments and income from financial operations.

Although operating costs were up 20.4% over 1st quarter 2016 to €263.7 million, they would have been down 6% with the exclusion of the non-recurrent cost of €58 million for the provision for the early retirement programme and (mutually agreed terminations) for 2017. Provisions and impairment in addition to tax accounts were up €54.5 million and €74.7 million, respectively.

(EUR Million)			
DOMESTIC ACTIVITY CONTRIBUTION TO CONSOLIDATED P&L (*)	2016-03	2017-03	Change
			(%)
Net interest inc. incl. inc. from eq. investm.	158.5	192.6	21.5%
Commissions (net)	84.0	82.2	-2.1%
Income from financial operations	-114.2	67.0	-
Other operating income	7.6	-10.5	-
Total operating income	135.9	331.3	143.8%
Employee costs	123.2	175.7	42.6%
Employee costs recurrent ⁽¹⁾	123.2	117.7	-
Other administrative expenses	80.3	73.2	-8.8%
Depreciation and amortisation	15.4	14.8	-4.2%
Operating costs	218.9	263.7	20.4%
Net operating income before impairments	-83.0	67.6	-
Provisions and impairments	56.6	111.1	96.4%
Income from associated companies	4.4	4.0	-7.5%
Income from subsidiaries held for sale	0.0	0.0	-
Net Inc. before tax and non-controlling interest	-135.2	-39.5	-
Tax	-26.6	48.1	-
Non-controlling interest	5.5	0.7	-86.7%
Net income	-114.2	-88.3	-
Net income recurrent ⁽¹⁾	-114.2	-46.2	-

(*) Pure intragroup transactions with no impact on consolidated net income are not eliminated

(1) Excluding the non-recurring cost referring to the provision for the 2017 terminations and early retirement program

The international business area's contribution to the Group's consolidated net income in the 1st quarter was up 24.3% over the same period of the preceding year to €49.6 million. Total operating income, affected by the €11.2 million decrease of other operating income, was down 3.1% by €5.4 million. Operating costs remained in line with the same quarter 2016, with net income having benefited from lower provisioning levels than in the first three months of 2016.

(EUR Million)

INTERNATIONAL ACTIVITY CONTRIBUTION TO CONSOLIDATED P&L (*)	2016-03	2017-03	Change
	(%)		
Net interest inc. incl. inc. from eq. investm.	129.9	140.6	8.3%
Commissions (net)	29.2	27.0	-7.4%
Income from financial operations	13.9	11.1	-19.7%
Other operating income	3.1	-8.1	-
Total operating income	176.1	170.7	-3.1%
Employee costs	52.5	53.1	1.1%
Other administrative expenses	34.8	33.8	-2.9%
Depreciation and amortisation	7.2	7.3	0.4%
Operating costs	94.6	94.2	-0.4%
Net operating income before impairments	81.5	76.5	-6.2%
Provisions and impairments	27.2	1.7	-93.9%
Income from subsidiaries held for sale	2.1	3.6	68.6%
Income from associated companies	0.1	0.0	-
Net Inc. before tax and non-controlling interest	56.5	78.4	38.7%
Tax	15.5	17.5	12.9%
Non-controlling interest	1.1	11.3	937.6%
Net income	40.0	49.6	24.3%

(*) Pure intragroup transactions with no impact on consolidated net income are not eliminated

The main contributors to net income from international operations for 1st quarter 2017 were BNU Macao (€15.6 million), France branch (€13.5 million), BCG Angola (€7.2 million) and BCG Spain (€4.9 million).

(EUR Million)

INTERNATIONAL ACTIVITY CONTRIBUTION TO CONSOLIDATED P&L	2016-03	2017-03	Change
	(%)		
BNU Macao	18.7	15.6	-16.3%
BCG Angola	-0.9	7.2	-
BCG Spain	4.2	4.9	16.7%
Mercantile Bank (South Africa)	2.1	3.6	68.6%
BCI (Mozambique)	2.5	4.7	85.5%
Africa - other units	-0.4	-0.1	-
BCG Brazil	0.6	-0.1	-
Branches	15.1	14.4	-4.2%
of which: France Branch	11.6	13.5	16.6%
Other	-2.0	-0.6	-
Total	40.0	49.6	24.3%



4. CONSOLIDATED ACCOUNTS

(EUR Million)

BALANCE SHEET				Change		Change	
	2016-03	2016-12	2017-03	2017-03 vs 2016-03		2017-03 vs 2016-12	
ASSETS				Total	(%)	Total	(%)
Cash and cash equivalents with central banks	1.892	1.841	4.314	2.422	128.0%	2.473	134.4%
Loans and advances to credit institutions	4.562	3.976	3.825	-736	-16.1%	-150	-3.8%
Securities investments	20.307	15.017	16.924	-3.383	-16.7%	1.908	12.7%
Loans and advances to customers	64.982	62.867	61.558	-3.424	-5.3%	-1.309	-2.1%
Assets with repurchase agreement	1.131	800	870	-260	-23.0%	71	8.8%
Non-current assets held for sale	761	1.426	1.432	671	88.3%	6	0.4%
Investment properties	1.189	978	966	-223	-18.7%	-12	-1.2%
Intangible and tangible assets	728	693	675	-53	-7.3%	-18	-2.6%
Investm. in subsid. and associated companies	265	312	334	69	25.9%	22	6.9%
Current and deferred tax assets	1.529	2.588	2.590	1.061	69.4%	2	0.1%
Other assets	3.293	3.051	3.115	-177	-5.4%	64	2.1%
Total assets	100.638	93.547	96.604	-4.035	-4.0%	3.056	3.3%
LIABILITIES							
Central banks' and credit institutions' resources	5.319	5.800	5.694	375	7.0%	-106	-1.8%
Customer resources	73.935	69.680	70.142	-3.792	-5.1%	462	0.7%
Debt securities	6.252	4.184	4.058	-2.193	-35.1%	-125	-3.0%
Financial liabilities	2.089	1.695	1.524	-565	-27.1%	-172	-10.1%
Provisions	988	1.127	1.257	268	27.1%	129	11.5%
Subordinated liabilities	2.449	2.424	1.474	-975	-39.8%	-950	-39.2%
Other liabilities	3.720	4.754	4.627	908	24.4%	-127	-2.7%
Sub-total	94.752	89.664	88.777	-5.975	-6.3%	-888	-1.0%
Shareholders' equity	5.886	3.883	7.827	1.940	33.0%	3.944	101.6%
Total	100.638	93.547	96.604	-4.035	-4.0%	3.056	3.3%

(EUR Thousand)

INCOME STATEMENT	Change			
	2016-03	2017-03	Total	(%)
Interest and similar income	680.457	616.766	-63.691	-9.4%
Interest and similar costs	405.063	290.622	-114.441	-28.3%
Net interest income	275.394	326.144	50.750	18.4%
Income from equity instruments	11.409	4.965	-6.445	-56.5%
Net interest inc. incl. inc. from eq. investm.	286.804	331.108	44.305	15.4%
Income from services and commissions	140.764	138.355	-2.409	-1.7%
Costs of services and commissions	27.870	29.607	1.736	6.2%
Commissions (net)	112.894	108.748	-4.146	-3.7%
Income from financial operations	-98.179	80.740	178.919	-
Other Operating Income	-5.151	-31.048	-25.897	-
Non-interest income	9.565	158.441	148.876	1556.5%
Total Operating Income	296.368	489.549	193.181	65.2%
Employee costs	175.755	228.866	53.111	30.2%
Other administrative expenses	99.436	94.524	-4.912	-4.9%
Depreciation and amortisation	22.681	22.065	-616	-2.7%
Operating costs and depreciation	297.871	345.454	47.583	16.0%
Net Operating Income before Impairments	-1.502	144.095	145.598	-
Provisions and impairments of other assets (net)	16.058	84.428	68.370	425.8%
Credit impairment net of reversals	67.735	28.354	-39.381	-58.1%
Provisions and impairments	83.794	112.782	28.988	34.6%
Income from subsidiaries held for sale	2.129	3.589	1.460	68.6%
Income from associated companies	4.462	4.022	-440	-9.9%
Net Inc. before tax and non-controlling interest	-78.704	38.925	117.629	-
Tax	-11.074	65.575	76.649	-
Current and deferred	9.963	63.660	53.698	539.0%
Deferred	-21.037	1.914	22.952	-
Consolidated net income for period	-67.630	-26.650	40.980	-
of which:				
Non-controlling interest	6.605	11.987	5.382	81.5%
Net income attrib. to CGD shareholder	-74.235	-38.637	35.598	-

The March 2016 values have been restated, considering Mercantile Bank Holdings, Ltd. as a non-current asset held for sale.



5. SEPARATE ACCOUNTS

(EUR million)

BALANCE SHEET				Change		Change	
	2016-03	2016-12	2017-03	2017-03 vs 2016-03	2017-03 vs 2016-03	2017-03 vs 2016-12	2017-03 vs 2016-12
ASSETS				Value	(%)	Value	(%)
Cash and cash equivalents with central banks	823	867	3.489	2.666	323.9%	2.621	302.2%
Loans and advances to credit institutions	5.343	4.553	4.659	-683	-12.8%	106	2.3%
Securities investments	21.507	15.999	17.599	-3.908	-18.2%	1.599	10.0%
Loans and advances to customers	53.923	52.042	51.014	-2.909	-5.4%	-1.028	-2.0%
Assets with repurchase agreement	776	422	539	-237	-30.5%	117	27.8%
Non-current assets held for sale	387	341	337	-50	-12.9%	-4	-1.3%
Investment properties	3	3	3	0	11.2%	0	0.0%
Investm. in subsid. and associated companies	420	397	386	-34	-8.0%	-10	-2.6%
Intangible and tangible assets	3.765	3.664	4.163	398	10.6%	499	13.6%
Current and deferred tax assets	1.314	2.329	2.329	1.015	77.3%	0	0.0%
Other assets	2.596	2.289	2.333	-263	-10.1%	44	1.9%
Total assets	90.857	82.908	86.852	-4.005	-4.4%	3.944	4.8%
LIABILITIES							
Central banks' and credit institutions' resources	5.442	5.954	5.891	448	8.2%	-63	-1.1%
Customer resources	62.766	58.649	59.621	-3.145	-5.0%	972	1.7%
Debt securities	6.242	4.217	4.091	-2.150	-34.4%	-125	-3.0%
Financial liabilities	6.359	5.764	5.527	-832	-13.1%	-237	-4.1%
Provisions	859	1.073	1.124	264	30.7%	50	4.7%
Subordinated liabilities	2.624	2.622	1.673	-951	-36.2%	-949	-36.2%
Other liabilities	1.879	2.212	2.027	148	7.9%	-185	-8.4%
Sub-total	86.172	80.491	79.954	-6.218	-7.2%	-537	-0.7%
Shareholders' equity	4.685	2.417	6.898	2.213	47.2%	4.481	185.4%
Total	90.857	82.908	86.852	-4.005	-4.4%	3.944	4.8%

(EUR thousand)

INCOME STATEMENT	Change			
	2016-03	2017-03	Value	(%)
Interest and similar income	512.611	431.640	-80.971	-15.8%
Interest and similar costs	350.778	230.851	-119.927	-34.2%
Net interest income	161.833	200.789	38.956	24.1%
Income from equity instruments	29.365	36.568	7.203	24.5%
Net interest income incl. income from equity investm.	191.198	237.357	46.158	24.1%
Income from services and commissions	100.011	105.891	5.880	5.9%
Costs of services and commissions	17.969	20.067	2.099	11.7%
Commissions (net)	82.043	85.824	3.781	4.6%
Net results of assets and liabilities at fair value through profit or loss	-136.468	59.759	196.226	-
Net gain on available-for-sale financial assets	16.403	1.912	-14.492	-88.3%
Net foreign exchange revaluation gain	-817	4.786	5.603	-
Net gain on the sale of other assets	-6.197	-3.843	2.354	-
Other operating income	11.004	-14.538	-25.542	-
Non-interest income	-34.032	133.900	167.931	-
Total operating income	157.167	371.256	214.090	136.2%
Employee costs	123.715	177.753	54.038	43.7%
Other administrative expenses	69.698	68.313	-1.385	-2.0%
Depreciation and amortisation	15.889	15.338	-552	-3.5%
Operating costs and depreciation	209.303	261.403	52.101	24.9%
Net operating income before impairments	-52.136	109.853	161.989	-
Provisions net of reversals	-5.389	-140	5.249	-
Credit impairment net of reversals	57.524	36.758	-20.766	-36.1%
Impairments of other assets (net)	6.099	5.430	-669	-11.0%
Provisions and impairments	58.235	42.049	-16.186	-27.8%
Net income before tax	-110.371	67.804	178.175	-
Tax	-24.196	38.109	62.304	-
Current and deferred	-6.671	45.361	52.032	-
Deferred	-17.524	-7.253	10.272	-
Net income for period	-86.175	29.696	115.870	-

Lisbon, 18 May 2017

